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U.S. DEPARTMENT OF AGRICULTURE

THE Demand and Price SITUATION

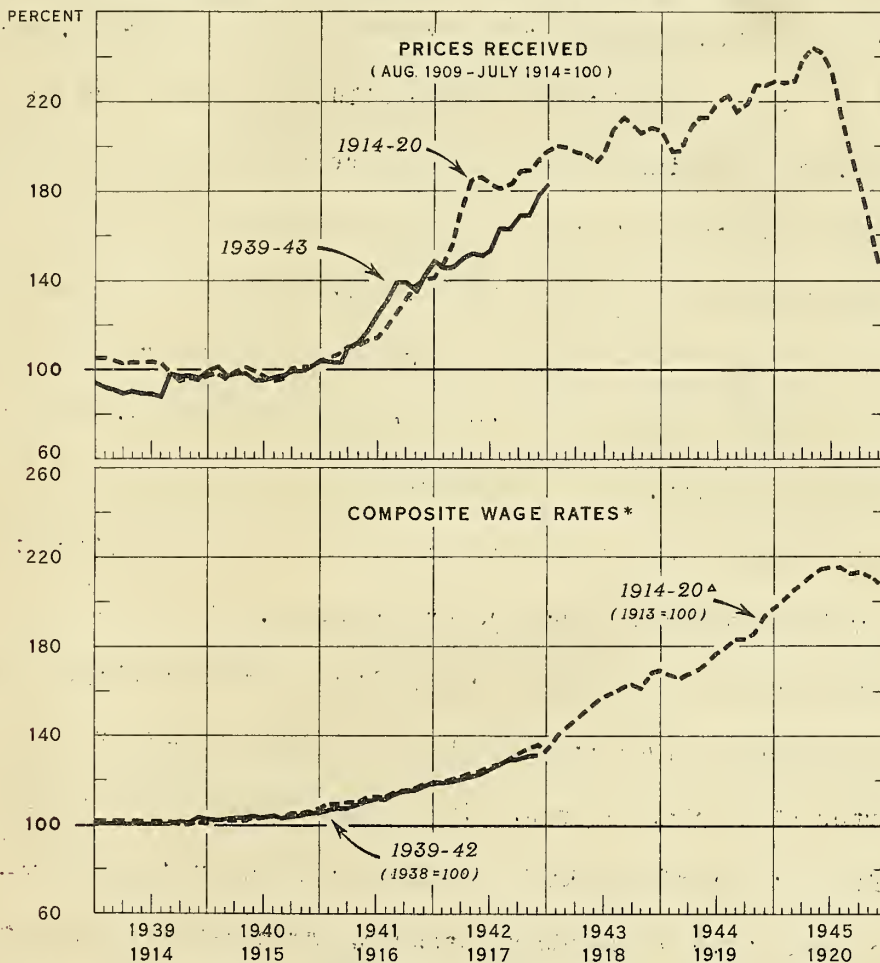
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



FEBRUARY 1943

PRICES RECEIVED BY FARMERS AND COMPOSITE WAGE RATES,
INDEX NUMBERS, UNITED STATES, 1914-20, AND 1939-43



* BASED ON DATA FROM FEDERAL RESERVE BANK OF NEW YORK. HOURLY EARNINGS OF INDUSTRIAL LABOR, WAGES OF FARM LABOR AND BUILDING TRADES, AND SALARIES OF TEACHERS AND CLERICAL EMPLOYEES
Δ ADJUSTED FOR SEASONAL VARIATION

U.S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Prior to October 1942 hourly earnings generally had increased at about the same rate as during the corresponding period of World War I, but recently increases have been somewhat slower than during the corresponding months of 1917 and governmental controls are expected to prevent a repetition of the large increase which occurred during 1918. Prices received by farmers also followed a course similar to that during World War I until early 1942. Since then the rise has lagged behind that during World War I. Under governmental regulations, prices received by farmers during 1943 are expected to continue below the 1918 level.

SUMMARY

The demand for farm products over the next few months is expected to show a further increase. The general upward trend in consumer income is continuing and requirements for direct war uses remain large.

Increasing domestic demand for farm products is associated with the war effort, which last year resulted in an increase in the Nation's labor force about five times the normal rate, and large gains in total employment (civil and military) and pay rolls. The upward trend in these demand factors is expected to continue during the next few months. However, the approach to completion by midyear of the war plant-building program, the near absence of unemployment, and existing governmental price and wage policies will soon result in some slowing of the advances in employment and pay rolls.

Prospective demand during the next few months is so large in relation to expected supplies of agricultural products and nonagricultural products and services that prices in general are expected to remain close to the highest levels permitted by law. But assurance of further success in the program to prevent inflationary price advances is offered by the results of the control of prices which have been placed under ceilings.

Prices received by farmers probably will remain close to the December 1942-January 1943 average level of 180 (1910-14 = 100) through the first quarter of 1943 or longer. Cash income from sales of farm products will remain at a relatively high level over the next few months. Livestock marketings going through regular channels, after allowance for the usual seasonal movements, slumped considerably in January, but marketings of dairy and poultry products and of several crops continued large. For 1943 as a whole, aggregate marketings of farm products are expected to be larger than in any previous year and prices to be maintained around recent levels.

-- February 17, 1943

DEMAND

Demand for farm products over the next few months is expected to show a further increase. There will be a general upward trend in consumer income, and requirements for direct war purposes will continue large.

Agricultural production increased more than 12 percent in 1942, but demand was much stronger than in 1941 which together with price supports under some products resulted in a rise during the year of over 24 percent in the general index of prices received by farmers. Production in 1943 may not increase as much as in 1942 when weather conditions were unusually favorable, and requirements for farm products will be in excess of current production. However, the index of prices received by farmers may remain near recent levels or around 180 (1910-14 = 100).

The rise in domestic demand for farm products during the past year has been associated with large gains in the size of the Nation's labor force, in industrial activity, and in employment and pay rolls. The expectation of a continuation of these trends over the next few months is the basis for the forecast of a further over-all rise in domestic demand.

For several years prior to outbreak of the present world war, net additions to the Nation's labor force (persons working or seeking work) averaged considerably less than 1 million per year, but between January 1942 and January 1943 it is estimated that there were at least 4 million added to the labor force, and that the number working at nonrelief jobs (both civilian and military) rose 7 millions, or more than 13 percent. The compensation of employees increased 30 percent in 1942 to nearly 81 billion dollars compared with 63 billion in 1941 and 54 billion in 1929. Over the next few months the outlook is for further gains of more than normal proportions in the labor force, as wartime employment opportunities continue to attract women, youths, and older men into industry; also a further rise in pay rolls due to increased employment, larger overtime wage payments, and some upward adjustments in wage rates.

Hourly earnings have increased about as much since the outbreak of war in 1939 as during the corresponding period of World War I (see cover page chart). However, the Government policy of preventing sharp advances in wage rates as well as in commodity prices should prevent a repetition of the large increase in wage rates which occurred in 1918. Hourly earnings rose faster in 1918 than during any other year of World War I, and in the absence of wartime controls also would have been expected to advance sharply in 1943, due to the concurrent impact on the rapidly diminishing labor supply of withdrawal of men for the armed service and a record rate of industrial activity.

The trend of industrial activity has been definitely upward since mid-1942, following a period of concerted conversion of industry from peacetime to war products, during which time there was little change in the general level of activity. The upward trend is expected to continue over the next few months, although the rate of gain probably will be slower than the average of the past 7 months when the seasonally adjusted Federal Reserve index rose from 176 (June 1942) to 200 (January 1943) percent of the 1935-39 average. New plant facilities continue to add to the productive capacity for war goods, but material shortages, a tightening labor situation, and a heavy transportation load all point toward more gradual gains during the next few months.

THE GENERAL PRICE LEVEL

Since approval by the President on January 30 of last year of the Emergency Price Control Act of 1942, designed to check "speculative and excessive price rises, price dislocations, and inflationary tendencies," much has been done to check the upward spiral of prices and wages. Even before the Act, price changes for many important raw materials, such as nonferrous metals, had been held within narrow limits by means of voluntary cooperation between producers and the Government.

If prices and living costs had not been made subject to Government control, the outlook would have been for further substantial rises during the next few months in line with increases in wartime demand for practically everything bought and sold. However, price movements already have been modified considerably by governmental action. In fields where price control was instituted early in World War II, advances have been held within narrow bounds in face of insatiable demand. For instance, copper prices in December 1942 were only 1.5 cents per pound higher than in August 1939. During World War I the price of copper rose about 19 cents per pound between July 1914 and December 1916, and in November 1918 when the war ended the price was just about double what it was when war started. Prices of other nonferrous metals -- lead, tin, and zinc -- also have been held within much narrower bounds than during World War I.

Practically all nonagricultural prices at wholesale and retail were brought under governmental control during the second quarter of 1942 and there has since been very little rise in the Bureau of Labor Statistics index numbers of such prices. Nonagricultural items account for about two-thirds of the weights assigned to all items used in computation of both the wholesale commodity price and living cost index numbers. Farm and food product prices have continued to rise but, under recent legislation, price supports and ceilings designed to stabilize farm and food product prices have been set on an increasing number of farm products.

FARM PRICES AND INCOME

The index number of prices received by farmers rose in January to 182 percent of the 1910-14 average compared with 178 in December. But on the basis of price changes in wholesale markets since mid-January it is estimated that the index of prices received will be lower in February than in January. The expected decline is primarily attributable to a shift from higher to lower priced types of tobacco, which is usual at this season, and to a lesser extent to a seasonal decline in prices of eggs. Prices of most other important farm products appear to have held around January levels in February, or to have advanced a little.

Cash income from farm marketings of all products in December receded by somewhat less than the usual amount with income from crops off more and livestock less than usual. Preliminary indications for January are that there was a decline in income from marketings of about seasonal proportions. Marketings of meat animals, particularly hogs and calves, were relatively small in January but income from poultry and eggs rose sharply. Over the next few months cash farm income is expected to increase more than seasonally. Dairy and poultry products will be important income items at this period and

prices for them are expected to decline much less than usual as production increases seasonally. Also, a large proportion of the 1942 spring pig crop and of several field crops remains to be marketed, and prices generally are expected to be maintained around recent levels.

Increasing from 11.8 billion dollars in 1941 to 16.1 billion in 1942, cash farm income rose to a record high, exceeding the previous peak in 1919 by 1.5 billion dollars. Net income of farm operators also rose sharply to 10.2 billion dollars in 1942 from 6.7 billion in 1941, and was 1.4 billion dollars above the previous peak reached in 1919.

COTTON

The 10-market price of Middling 15/16 inch cotton rose to 20.72 cents per pound on February 16. This was 25 points above the peak reached last April and the highest price for about 14 years. However, prices were relatively steady during the past month, having fluctuated within a range of only 1/3 cent.

Both the midmonth farm price and the parity price of cotton advanced in January for the fifth consecutive month. The farm price advanced to 19.74 compared with 19.55 in December and 18.03 last August. Parity advanced to 19.54 compared with 19.35 in December and 18.85 in August.

Grade and staple premiums and discounts applicable under the 1943 Government Loan Program were announced on January 22. By being announced well in advance of the planting season it was hoped that farmers will be aided in planning their 1943 farming operations. In order to encourage increased production of long staple cotton, premiums on the higher grades of long staple cotton are at the same high level as in 1942. All cotton farmers are urged where practicable to shift to longer staple varieties than they have raised heretofore.

The 1943 quality differentials bear a much closer relationship to current market quotations than do 1942 loan differentials. This is especially true of discounts on the lower grades. Other significant changes in 1943 are the elimination of differences in the premiums and discounts between rain-grown and irrigated cotton and the widening of the differential between Middling 7/8 inch and Middling 15/16 inch from 20 points in the 1942 loan to 85 points in the 1943 loan. This will in effect raise the loan rate on all cotton having a staple length longer than 7/8 inch.

WHEAT

Wheat prices on February 16 compared with a month earlier are generally up fractionally to 3 cents. The largest advances took place in the price of hard red spring wheat, which has been relatively lower than hard winter wheat, and also in the price of soft red winter, which is high because of the short supply of this kind of wheat. Market prices are above loan values as follows: At Portland 3 cents, Minneapolis 5 cents, Kansas City 10 cents, and St. Louis 23 cents. Compared with the wheat price equivalents of the Office of Price Administration's flour ceiling levels, wheat prices on February 16 at St. Louis (soft winter) were 7 cents above, and at Kansas City (hard winter) 2 cents above; at Minneapolis (hard spring), and at Portland (white) they were

3 and 4 cents below, respectively. These equivalents assume continuation of approximately the same spreads between the value of millfeed products and wheat prices which existed before the Office of Price Administration's flour ceilings were instituted.

Stocks of wheat on January 1 totaled 1,162 million bushels, which is 155 million bushels above a year earlier, and the largest in our history for that date. Stocks on farms January 1 totaled 495 million bushels; in steel and wood bins, 48 million bushels; in interior mills and elevators, 235 million bushels; in merchant mills and elevators, 139 million bushels; and in commercial stocks, 245 million bushels. Of the total 1,162 million bushels, 700 million bushels were reported under loan or owned by the Commodity Credit Corporation. On the basis of stocks July 1, 1942 and the 1942 crop, these January 1 stocks indicate a disappearance in the July-December period of 451 million bushels. This is also a record, and is accounted for by a large increase in wheat for feed, a significant increase for use as food, and moderate quantities for alcohol and export. On the basis of present prospects, the carry-over July 1, 1943 is expected to be about 700 million bushels which would be about 70 million bushels larger than last July.

FATS, OILS, AND OILSEEDS

Production goals for soybeans and flaxseed were revised upward in January to help meet growing needs for fats and oils and high-protein feed-stuffs. The new goal for soybeans, 12 million acres harvested for beans, is 1.5 million acres higher than the goal announced last November. The revised flaxseed goal, 5.5 million acres planted, is up half a million acres. Other goals for oilcrops remain unchanged at 5.5 million acres of peanuts picked and threshed and 22.5 million acres of cotton planted. With normal yields, these acreages would produce about 4.1 billion pounds of vegetable oil compared with an anticipated production of about 3.8 billion pounds in the 1942-43 season. In addition about 300 million pounds of vegetable oil will be obtained in both 1942-43 and 1943-44 from corn grinding operations, olive pressings, and the crushings of tung nuts and other vegetable oilseeds.

Prices of peanuts grown in 1943, whether for the edible peanut trade or for oil, will be supported at an average of at least \$129 per ton, 85 percent of the January 15 parity price. If parity advances between January 15 and July 15, the support level will be raised accordingly. Incentive payments have been recommended for farmers who plant in excess of 90 percent of their 1943 farm goals for soybeans, peanuts, and flaxseed. For each acre above 90 percent but not in excess of 110 percent of the individual farm goal, farmers would receive a payment of \$15 for soybeans, \$30 for peanuts, and \$10 for flaxseed.

Reflecting sharply smaller receipts of flaxseed in terminal markets, prices of linseed oil and flaxseed continued to rise in January and early February. Prices of other fats and oils remain unchanged at ceiling levels.

Production of oleomargarine in 1942 reached an estimated total of 425 million pounds, a new peak. At least 65 million pounds of this, however, was colored oleomargarine for export. Oleomargarine was not used by the armed forces. Civilian consumption amounted to about 2.8 pounds per capita,

compared with 2.7 pounds in 1937-41. In 1943, production of oleomargarine for civilian consumption will be increased to perhaps 4.5 pounds per capita, although under the terms of the order limiting manufacturers' use of fats and oils it is possible for the output to reach 4.8 pounds per capita. The total supply of butter and margarine available for civilian consumption probably will be near 17.5 pounds per capita, compared with 19.3 pounds in 1937-41.

CORN AND OTHER FEED

The record disappearance of feed grains during 1942-43 is expected to leave a carry-over of corn at the close of the marketing year about the same as at the beginning, and a carry-over of oats and barley a little larger. Production of four feed grains in 1943, with average yields, will be smaller than in 1942. With livestock numbers increasing, the 1943-44 supply of feed grains per grain-consuming animal unit may be 10 to 15 percent smaller than in 1942-43. From January 1, 1942 to January 1, 1943 the number of grain-consuming animal units on farms increased about 11 percent. To encourage increased production of feed to meet the increasing requirements, farmers are now permitted to overplant their corn allotments without penalty, provided they have planted their goal of war crops. Grain sorghums, hay, and pastures have been listed as war crops to encourage the maintaining or increasing of the acreages of these crops.

Cash corn prices have remained a little below the ceilings during the past month, as marketings of corn have been generally sufficient for trade requirements. Market prices of oats and barley have increased 3 or 4 cents per bushel since the middle of January. Prices of high-protein feeds have remained generally at maximum levels, while prices of wheat bran and middlings at Minneapolis declined \$1.25 per ton from January 18 to February 9. The prices of bran on February 9 were a little below the Government support levels at Kansas City and Minneapolis.

The quantity of 1942 corn sealed by farmers up to February 1 totaled about 38 million bushels -- 31 million bushels less than at that date in 1942. This reflects the higher level of corn prices this year in relation to the loan rate than in 1941-42. On January 15 the price of corn averaged higher than the loan rate in all Corn Belt States except South Dakota. The quantity of corn sealed during the remainder of the marketing season may be small.

There has been a marked increase in the rate of sale of Government-owned wheat in recent weeks, as the price of corn has increased above the price of feed wheat in many areas. During January and the first half of February about 45 million bushels were sold. This brought the total sold for feed for the season to about the 125 million bushel total designated by Congress to be sold for feed during 1942-43.

MEAT AND LIVESTOCK

Meat production under Federal inspection in 1942 amounted to nearly 15.5 billion pounds, compared to the previous record of 13.4 billion pounds in 1941. Total dressed weight of meat animals slaughtered under Federal inspection in 1942 was 15 percent above 1941 and 32 percent larger than the 1937-41 average. Hog slaughter accounted for most of the increase but

slaughter of all classes of meat animals (hogs, cattle, and sheep) was at record levels. The large production of pork reflected the larger production per hog as well as the large number slaughtered. Although the average weight of inspected hogs slaughtered was over 4 pounds above the previous record in 1941, lard production per animal was slightly smaller. The average live weight of inspected cattle slaughtered was 954 pounds, 7 pounds lighter than in 1941 but heavier than in any other year since 1933. Final estimates for total meat production in 1942 are not yet available but it probably amounted to about 22 billion pounds. This compares with 19.5 in 1941 and the 1943 goal of 25.7.

Hog prices advanced during January and early February to about the same level as last October, reflecting the continued strong demand for pork and lard and the lower volume of hog slaughter. The average price of butcher hogs at Chicago on February 16 had reached \$15.60, about 5 cents below the previous high in this marketing year. Hog prices have advanced over \$2.00 since early December when prices reached the lowest level this season. The advance in hog prices was accompanied by some rise in corn prices. The hog-corn price ratio, based on Chicago prices, during the second week in February was 16.0, compared with 15.1 in mid-January. The weekly rate of hog slaughter has declined since mid-January, and inspected slaughter during the month fell below a year earlier for the first time since December 1941. Inspected hog slaughter in January totaled 5.4 million head, compared with 6.8 million in December and 5.8 million a year earlier. The peak in hog marketings apparently was reached in early December, but slaughter probably will be larger than usual during February and March. Receipts at interior Iowa and southern Minnesota points October 1 to February 1 totaled about 7 percent less than a year earlier. This decrease was a little more than offset by larger receipts at several other markets and inspected hog slaughter for the period totaled 5 percent greater than a year earlier. The average weight of hogs in the current season (since October) has been running about 10 pounds heavier than a year earlier and about 20 pounds heavier than the average for the several preceding years.

Marketings of cattle and calves through regular channels decreased considerably during January. Inspected cattle slaughter totaled 928,000 head, the smallest since February 1942 and 12 percent below a year earlier. Inspected calf slaughter was 22 percent below a year earlier and the smallest January total since 1922. Cattle prices have strengthened since early January, reflecting the smaller supplies now coming to terminal markets. Nearly all kinds of cattle shared in the advance but the lower grades of slaughter cattle and feeders and stockers have shown the most strength. The average price of Good grade beef steers at Chicago in early February was \$15.30, compared with \$15.00 a month before. Choice veal calves at Chicago in early February sold above \$17.00, the highest since 1929 and about \$1.00 higher than a month earlier.

Lamb prices have declined since mid-January but continues above the highest level reached in 1942. Good and Choice grade slaughter lambs at Chicago the first week in February averaged about \$15.80 compared with \$16.10 in mid-January and \$12.20 the corresponding week of 1942. The weekly rate of inspected sheep and lamb slaughter has decreased since December but continues larger than a year earlier. Inspected slaughter of sheep and lambs

in January totaled 1.7 million head, 21 percent below December but 7 percent above a year earlier. It was the largest January total on record.

WOOL

Mill consumption of apparel wool in 1942, totaling approximately 1,075 million pounds (greasy shorn and pulled basis), was 11 percent larger than in 1941, much larger than in any year prior to 1941, and nearly double the 575 million pound 1935-39 average. About 540 million pounds of domestic wool were used in 1942. Use of domestic wools increased sharply in the final quarter of the year, after orders were placed for Army fabrics which called for the use of 100 percent domestic wools. The record consumption in 1942 was largely for military fabrics. Use of wool for civilian fabrics was sharply curtailed by orders of the War Production Board.

Although it may be difficult to maintain mill consumption of wool at the recent high level, consumption is expected to continue large in 1943 in view of the large requirements for wool fabrics for direct war uses.

Price quotations at Boston have not changed much since last summer. Offerings and sales during January were small. Prices of fine wools are close to ceiling levels and prices of medium wools are slightly below ceilings.

DAIRY PRODUCTS

With 30 percent of the current production of butter set aside for uses related directly to the war, supplies remaining for civilian consumption in February and March will be considerably smaller than in January. As butter production increases seasonally, civilian consumption may increase slightly in later months. Since commercial stocks of cheese on hand at present are relatively large, the order setting aside 50 percent of the production of cheddar cheese for Government use, effective February 15, is expected to have little effect on civilian cheese consumption until the second quarter of 1943. Supplies of most manufactured products other than butter available for civilian consumption in the second and succeeding quarters of 1943 are expected to be considerably smaller than in the last quarter of 1942 or the first quarter of 1943. Consumption of fluid milk is expected to continue at a relatively high level.

Although milk production in January per cow in herd was 2 percent smaller than a year earlier, the increased number of cows on farms resulted in a 1 percent increase in total production. Milk production is expected to continue somewhat larger than in the corresponding months of 1942 through the first half of 1943. Butter production is now running about 5 percent above a year earlier, but production of cheese and evaporated milk continues materially smaller. The permanent ice cream limitation order, effective February 1, will hold production for civilian consumption of this commodity at 65 percent of last year's level. Prices of all dairy products continue at ceiling levels and for all products except casein are materially higher than a year ago.

POULTRY PRODUCTS

Favorable egg-feed price relationships have resulted in a very strong demand for baby chicks for laying-flock replacement purposes. On February 1 farmers indicated that they intended to purchase 16 percent more chicks than the record number purchased in 1942. Because a very favorable egg-feed price ratio is in prospect for this spring it is likely that farmers' intentions will be carried out fully. In 1942, farmers' purchases of baby chicks exceeded their February intentions by 5 percent. The current demand for baby chicks for the specialized production of broilers and fryers also is at a record level. Many hatcheries are booked to capacity until May.

Wholesale prices of most poultry are at the maximum levels permitted by the cents-per-pound ceilings. Only prices of fresh dressed young chickens at New York and Boston were below the ceilings. Net withdrawals of poultry from storage have been very heavy and on February 1 holdings of frozen poultry in the United States were 24 percent smaller than a year earlier.

Egg production in the United States in 1943 is very likely to be substantially larger than the record output of 1942. Laying flocks are 15 percent larger than last year and have a larger proportion of pullets.

Most of the decline in egg prices that usually occurs from November to mid-February took place in January this year, resulting in sharp drops. Prices increased slightly during the first half of February, however, and now average from 25 to 30 percent higher than a year ago. The temporary ceilings for eggs, established October 5, are still in effect but prices in most markets are below the maximum levels permitted by those ceilings. Quantities of eggs used for drying, for storing, and for hatching are increasing. Therefore, with a strong consumer demand, egg prices will continue higher than a year earlier.

FRUITS

Wholesale prices of all fruits in city markets have been ranging considerably above those of a year ago -- in many cases as much as 50 percent above. Returns to growers also have greatly exceeded last season's returns.

City auction prices of fresh citrus fruits advanced very sharply to high levels in late December, then declined rapidly during the first half of January to relatively low levels. This decline terminated about mid-January and prices of fresh citrus fruits increased steadily through the first week of February. On December 31 the Office of Price Administration announced ceiling prices for all fresh citrus fruits. The ceilings, effective January 11, were placed at the packer level, with prices at successive levels of distribution controlled by fixed mark-ups over the packer level.

Shipments of California oranges this season to date have been much smaller than those of last season through the same period, due primarily to the smaller crop and unsettled market conditions. The Florida orange and tangerine crops are exceptionally large, and shipments from that State have increased over those of the 1941-42 season. Total production of oranges from the 1942 bloom is estimated at 82.4 million boxes, about 2 million boxes smaller than the previous year.

Both Florida and Texas have very large crops of grapefruit, and shipments so far this season have reflected this increase. Despite a larger crop, greatly increased consumer purchasing power has maintained wholesale grapefruit prices well above those of a year ago. Lemons and limes also are abundant this season, but have been selling at higher levels than last season.

Available civilian supplies of canned fruits and juices from the 1942 pack are much smaller than those of last season, and rationing of these products -- as well as dried and frozen fruits -- will begin on March 1. Because of greatly expanded military and lend-lease requirements, civilian supplies from the 1943 pack of canned fruits are expected to be only about 50 percent of an expected smaller total pack.

TRUCK CROPS

Wholesale prices at New York and Chicago were generally steady to somewhat higher during the second half of January and the early part of February. Prices of snap beans, spinach, and tomatoes, however, declined during this period. Although prices of some items may decline seasonally during February, vegetable prices in general probably will continue at relatively high levels. This seems likely in view of the greatly increased consumer demand and an expected 11 percent reduction in the commercial vegetable crop now being harvested or to be harvested during the spring season.

Increased production is expected in early-crop snap beans, carrots, and green peppers. These crops, now being harvested, will continue to be marketed during February, March, and April. Significant reductions may be expected in early-crop cabbage, green peas, lettuce, spinach, and tomatoes, and in winter cauliflower.

In an effort to encourage greater production of the more essential fresh vegetables, the Department has recommended a production payment of \$50 per acre for each acre of approved truck crops in excess of 90 percent of the truck crop goal up to 110 percent of that goal.

On January 28, the Department announced price supports to growers of the four major canning crops, tomatoes, peas, sweet corn, and snap beans. Guaranteed prices will range on the average from 20 percent to 35 percent above last year. The Government will purchase the output of certified processors at prices high enough to permit canners to pay growers the specified minimum prices.

POTATOES

Potatoes were selling at or very near ceiling prices at most important shipping points during January. Rail shipments from late-surplus States continue larger than a year ago. The larger rail movement may be attributed in part to reduced motortruck transportation.

Merchantable stocks of potatoes on January 1 were 101 million bushels, about 2 million bushels smaller than those of a year ago and very near the recent 10-year average. Intended early potato acreage for harvest from March

to May is almost 20 percent larger than last season. New potatoes, f.o.b. Florida, were selling in early February at \$1.92 per bushel crate for U.S. No. 1 size A, washed. This is somewhat below the ceiling and compares with \$1.55 for the same period a year ago.

The 1943 goal for potatoes was increased by 100,000 acres on January 17, calling for the planting of 3,260,000 acres. On February 3 the Department announced that prices of potatoes harvested after March 1 will be supported at not less than 92 percent of parity. This is in addition to recommended incentive payments on acreage planted after February 1 of 50 cents per bushel on the normal yield of acreage planted in excess of 90 percent of the individual farm goal up to 110 percent of the goal. The new program would greatly stimulate plantings.

DRY EDIBLE BEANS

Dry beans generally are selling at ceiling levels. Maximum price, f.o.b. shipping points, varies from \$5.50 to \$8.00 per 100-pound bag (U.S. No. 1 grade), but the ceiling price for most important commercial classes is \$5.60 for U.S. No. 1 grade. Prices received by dry-bean growers increased from \$5.08 per bag in November to \$5.25 per bag as of January 15.

On January 17 the Secretary announced new goals for dry beans, increasing the desired acreage for 1943 from 2,800,000 to 3,300,000 acres. The support price for specified varieties of U.S. No. 1 beans was raised from \$5.35 to \$5.60 per hundred pounds and the new program recommends an incentive payment of \$20.00 per acre for dry beans planted in excess of 90 percent of the individual farm goal up to 110 percent of the goal. Later in January the Department announced that 1942-crop beans would be purchased at the 1943 support levels.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS-TRIAL PRO-DUCTION ¹	FACTORY EMPLOY-MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN-DUSTRIAL WORKERS ³	CASH INCOME FROM FARM MAR-KETINGS ⁴	WHOLE-SALE PRICES OF ALL COMMOD-ITIES ⁵	RETAIL FOOD PRICES ⁶	COST OF LIVING URBAN ⁷	PRICES RECEIVED BY FARMERS ⁸	PRICES PAID BY FARMERS ⁹	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁹	RATIO OF PRICES RE-CEIVED TO PRICES PAID INCL. INTEREST & TAXES
Base period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	85	80	91	104	109	87	126	140	62
1932	58	68	54	59	59	80	86	98	65	108	122	53
1933	69	75	58	61	67	82	84	92	70	108	118	59
1934	75	88	74	77	79	93	94	96	90	122	128	70
1935	87	93	86	87	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	133	176	166	141	108	105	105	122	131	134	91
1942	181	151	249	232	188	123	124	116	157	152	152	103
1942- Jan.	171	142	217	203	180	119	116	112	149	146	146	102
Feb.	172	143	215	202	180	120	117	113	145	147	147	99
Mar.	172	144	216	203	175	121	119	114	146	150	150	97
Apr.	173	146	224	212	191	122	120	115	150	151	151	99
May	174	147	233	219	188	123	122	116	152	152	152	100
June	176	149	241	226	192	122	123	116	151	152	152	99
July	178	151	258	240	192	122	125	117	154	152	152	101
Aug.	183	153	263	244	204	123	126	118	163	153	152	107
Sept.	186	155	268	247	208	124	127	118	163	154	153	107
Oct.	190	157	273	250	211	124	130	119	169	155	154	110
Nov.	194	159	291	265	224	124	131	120	169	156	155	109
Dec. ¹⁰	196	162	298	272	229	125	133	120	178	158	156	114
1943- Jan. ¹⁰	198	--	--	--	--	--	133	121	182	160	158	115

¹Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.²Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics). 1939 to date revised.³Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised January 1943. To convert to 1924-29 base, multiply by 78.0744 percent.⁴Adjusted for seasonal variation. Revised from January 1935 to date and placed on a 1935-39 base.⁵Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.⁶Bureau of Labor Statistics.⁷Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.⁸August 1909-July 1914 = 100.⁹Annual figures are straight averages of 12 monthly indexes, 1923-41.¹⁰Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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